

AMENDED IN ASSEMBLY JULY 1, 2008

AMENDED IN ASSEMBLY JUNE 5, 2008

SENATE BILL

No. 973

Introduced by Senator Simitian

February 23, 2007

An act to add Section 1347 to, and to add Chapter 1.6 (commencing with Section 155) to Part 1 of Division 1 of, the Health and Safety Code, relating to health benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 973, as amended, Simitian. California Health Benefits Service Program.

Existing law creates various health benefits programs administered by the Managed Risk Medical Insurance Board and the State Department of Health Care Services.

The bill would create the California Health Benefits Service Program within the State Department of Health Care Services. The bill would require the department to perform various duties, subject to the availability of sufficient private donations, as determined by the Department of Finance, relative to creation of joint ventures between certain county-organized health plans and various other entities. The bill would require these joint ventures to be licensed as health care service plans and, subject to the availability of sufficient private donations, as determined by the Department of Finance, would create a stakeholder committee, as specified. The bill would also authorize the Director of Managed Health Care to provide regulatory and program flexibilities to facilitate licensing of specified entities providing coverage pursuant to the bill.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 1.6 (commencing with Section 155) is added to Part 1 of Division 1 of the Health and Safety Code, to read:

CHAPTER 1.6. CALIFORNIA HEALTH BENEFITS SERVICE

155. (a) The California Health Benefits Service Program is hereby created within the State Department of Health Care Services for the purpose of expanding cost-effective public health coverage options to the uninsured and purchasers of health insurance, including individuals, families, employers, and other health plan sponsors. The program shall do all of the following:

(1) Identify statutory, regulatory, or financial barriers or incentives that should be addressed to facilitate the establishment and maintenance of one or more joint ventures between health plans that contract with, or are governed, owned, or operated by, a county board of supervisors, a county special commission, a county-organized health system, or a county health authority authorized by Section 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, 14087.96, or Article 2.8 (commencing with Section 14087.5) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, as well as the County Medical Services Program.

(2) Identify statutory, regulatory, or financial barriers or incentives that should be addressed before joint ventures among these health plans may be formed, or existing health plans or the County Medical Services Program may expand to serve other geographic areas, for the purposes of providing public health care services in counties where there is not a local initiative or county-organized health plan that contracts with the State Department of Health Care Services or the County Medical Services Program, participating in these joint ventures.

(3) Report these initial findings to the committees of jurisdiction in the Senate and Assembly on or before January 15, ~~2009~~ 2010.

(4) Provide technical assistance to local health care delivery entities, including local initiatives, county-organized health

1 systems, and the County Medical Services Program, to support
2 joint ventures and efforts by these entities to expand to serve other
3 geographic areas and specified populations, or to contract with
4 providers to provide health care services in counties where there
5 is not a local initiative or county-organized health plan that
6 contracts with the State Department of Health Care Services that
7 opts to participate in such joint ventures, or participation from the
8 County Medical Services Program.

9 (5) Consistent with the report and recommendations provided
10 pursuant to this section and consistent with existing law, the
11 department may enter into contracts with joint ventures authorized
12 pursuant to this section to provide medical services to specified
13 populations, as determined by the program.

14 (b) Health plans that contract with or are governed, owned, or
15 operated by, a county board of supervisors, a county special
16 commission, a county-organized health system, or county health
17 authority authorized by Section 14018.7, 14087.31, 14087.35,
18 14087.36, 14087.38, 14087.96, or Article 2.8 (commencing with
19 Section 14087.5) of Chapter 7 of Part 3 of Division 9 of the
20 Welfare and Institutions Code, and the County Medical Services
21 Program, may form joint ventures to create integrated networks
22 of public health plans that pool risk and share networks.

23 (1) In forming joint ventures, participating health plans shall
24 seek to contract with designated public hospitals, county health
25 clinics, community health centers, and other traditional safety net
26 providers.

27 (2) All joint ventures and health care networks established
28 pursuant to this section shall seek licensure as a health care service
29 plan consistent with the Knox-Keene Health Care Service Plan
30 Act of 1975 (Chapter 2.2 (commencing with Section 1340) of
31 Division 2 of the Health and Safety Code). Prior to commencement
32 of enrollment, the joint venture or health care network shall be
33 licensed pursuant to that act.

34 (c) (1) There is hereby created the California Health Benefits
35 Service Program Stakeholder Committee. The committee shall be
36 comprised of 10 members appointed as follows:

37 (A) The Director of Health Care Services shall appoint six
38 members, including two representatives of local initiatives
39 authorized under the Welfare and Institutions Code, a representative
40 of county-organized health systems, a representative of the County

1 Medical Services Program, a representative of health care
2 providers, and a representative of employers.

3 (B) The Senate Committee on Rules shall appoint two members,
4 including a labor representative and a representative of health care
5 consumers.

6 (C) The Speaker of the Assembly shall appoint two members,
7 including a representative of local initiatives authorized under the
8 Welfare and Institutions Code, and a representative of organized
9 labor.

10 (2) The committee shall meet at least quarterly to provide input
11 to the program and assist the program in carrying out its
12 responsibilities as outlined in this section.

13 (3) The members of the committee shall serve without
14 compensation, and no public funds may be used to compensate
15 members for expenses.

16 (d) On or before November 1, 2009, and annually thereafter,
17 the department shall update the committees of jurisdiction in the
18 Senate and Assembly on implementation of this section and make
19 recommendations, as applicable, on changes necessary to
20 implement this section. The update shall also include progress on
21 the purpose of this section and recommendations on resources,
22 policy, and legislative changes necessary to build and implement
23 a system of public health coverage throughout California. The
24 update shall describe the projects proposed or established pursuant
25 to this section, including, but not limited to, the participating
26 providers, the groups covered, the physicians and hospitals in the
27 network, and the counties served.

28 (e) The committee shall consult with relevant departments,
29 including the Department of Managed Health Care, in the
30 implementation of this section.

31 (f) Nothing in this section shall be construed to prohibit any
32 other licensed health care service plan not mentioned in
33 subdivisions (b) and (c) from entering into joint ventures or
34 contracts with the State Department of Health Care Services to
35 provide services in counties in which there is not a Medi-Cal
36 managed care health plan that contracts with the department.

37 (g) No public funds shall be used to implement the duties
38 described in paragraphs (1) to (4), inclusive, of subdivision (a), or
39 to support the activities of the committee established pursuant to
40 subdivision (c). The department shall implement the duties

1 described in paragraphs (1) to (4), inclusive, of subdivision (a),
2 and shall convene the committee established pursuant to
3 subdivision (c), only upon a determination made by the Department
4 of Finance that private donations in an amount sufficient to fully
5 support these duties and activities have been deposited with the
6 state.

7 SEC. 2. Section 1347 is added to the Health and Safety Code,
8 to read:

9 1347. The director is authorized to provide regulatory and
10 program flexibilities to facilitate new, modified, or combined
11 licenses of local initiatives and county-organized health systems,
12 and the County Medical Services Program created pursuant to this
13 chapter or the California Health Benefits Service Program, that
14 seek licensure for regional or statewide networks for the purposes
15 of contracting with the Managed Risk Medical Insurance Board,
16 or for the purposes of providing coverage in the individual and
17 group coverage markets. In providing those flexibilities, the
18 director shall ensure that the health plans established pursuant to
19 this section meet essential financial, capacity, and consumer
20 protection requirements of this chapter.